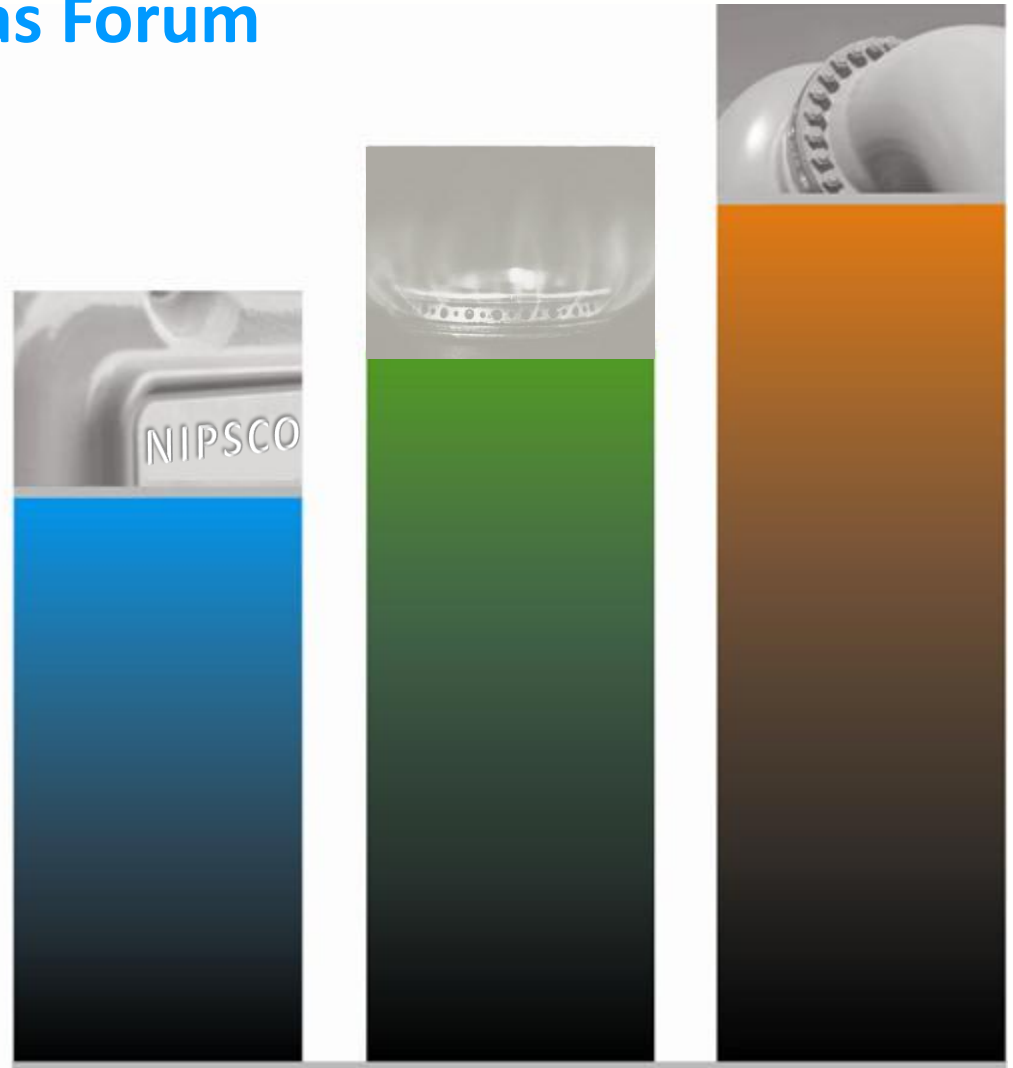


# Northern Indiana Public Service Company

## 2012 Winter Natural Gas Forum

Jim Stanley  
NIPSCO CEO

Presentation to the IURC  
October 24, 2012



# NIPSCO Leadership

Michael Finissi  
COO

Pete Disser  
CFO

Keith Wooldridge  
Senior VP Field Operations

Claudia Earls  
AGC & Division Counsel

Dan Williamson  
Executive Director Energy Supply & Trading

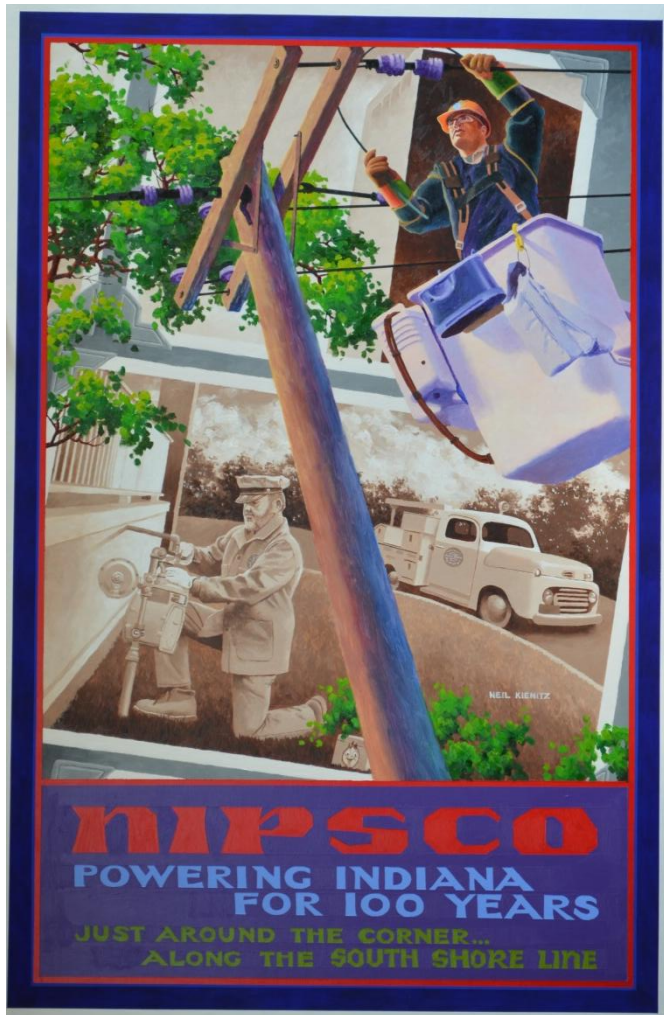
Kathleen O'Leary  
President

Tim Dehring  
Senior VP Transmission & Engineering

Frank Shambo  
VP Regulatory & Legislative Affairs

Karl Stanley  
VP Commercial Operations

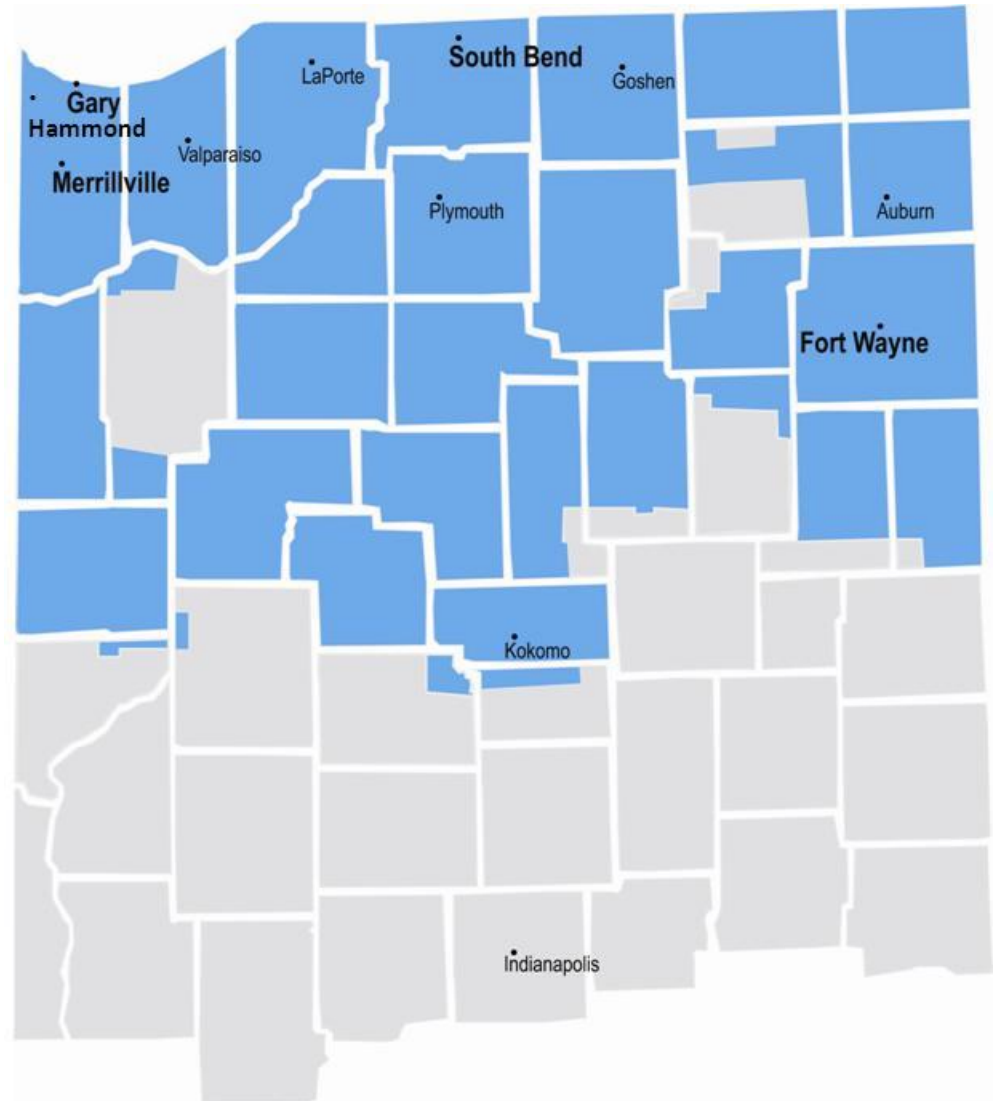
# Becoming Indiana's Premier Utility



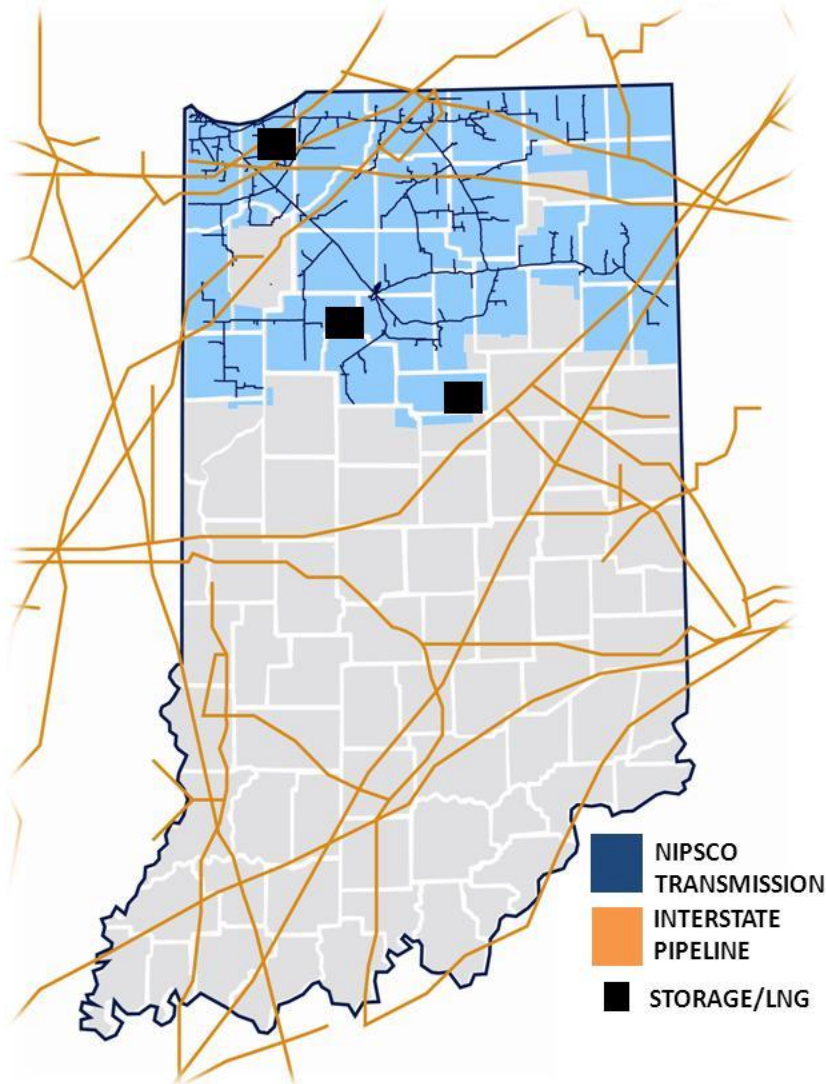
- Maintaining a safe and reliable gas infrastructure
- Enhancing energy efficiency programs and helping customers manage bills
- Insuring adequate gas supplies and delivery capability
- Keeping gas prices low and managing price volatility
- Improving communications with customers and stakeholders
- Communicating the value of natural gas and energy

# NIPSCO Natural Gas Service Territory

- 795,000 natural gas customers in 32 counties
- Serves 4 of the 10 largest Indiana cities (Ft. Wayne, Gary, Hammond, South Bend)
- Large Industrial Transport customers makeup 50% of total throughput (2011)



# Benefits of NIPSCO Assets to Indiana



## NIPSCO Advantages

- Access to nearly every North American supply basin
- Three on-system storage facilities
- High pressure transmission loop

## Benefits to Indiana

- Low natural gas costs are important for economic development
- Location of assets support business expansion and attraction
- Ability to transport and store makes CCGT's more attractive

# Long-term Pipeline Capacity Outlook

## **Increase is expected in gas generation**

- Economical
- Environmentally friendly
- Technology improvements

## **Gas industry may face operating challenges**

- Capacity
- Pressure
- Conflicting scheduling driven by operating requirements

## **Keys to Harmonization**

- Identification of and investment in efficient infrastructure changes
- Changes in service structure
- Alignment of cost recovery with new demands

# Gas Supply Portfolio & Purchasing Strategy

## 2012/2013 Natural Gas Supply Mix

Winter Supply Mix	(%)	(\$/Dth)
Storage (Fixed Price)	52%	\$ 3.39
Hedges (Fixed Price)	13%	\$ 4.68
Variable (Market Price)	<u>35%</u>	\$ 3.58
	<b>100%</b>	<b>\$ 3.62</b>

Peak Day Supply Mix	(Bcf)
Storage	0.83
Delivered Supply	0
Transported Supply	<u>0.17</u>
	<b>1.00</b>

# Winter Bill Forecast 2012/2013

- Lowest cost provider in Indiana for last 11 months (Source: IURC)
- 8<sup>th</sup> lowest overall gas costs in the nation (Source: AGA)

## Residential Winter Bill Projection

	Nov	Dec	Jan	Feb	Mar	Total
This Winter	\$49.94	\$82.69	\$108.10	\$106.93	\$90.01	\$437.67
Last Winter*	\$51.84	\$85.35	\$109.61	\$105.60	\$87.73	\$440.13
Usage** (Therms)	64.7	116.3	158.1	154.3	130.9	624.3

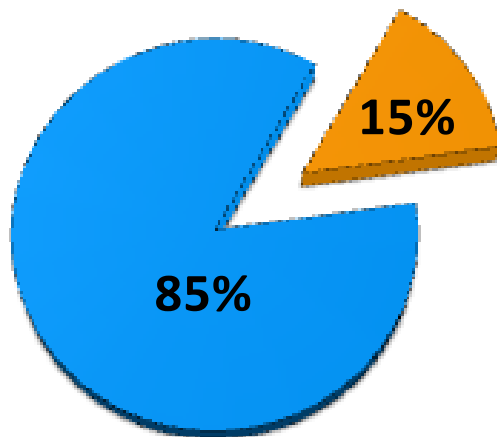
*\*Based on normal weather and usage levels*

*\*\* Lower usage from vacation/seasonal homes reduce average usage*

# Focusing on Pipeline & Public Safety: Transmission

## Transmission Integrity Management Plan (TIMP)

- Initial assessments completed in 2009 (3 years ahead of 2012 deadline)
  - Very few anomalies have been discovered
- Review of verifiable and traceable records for MAOP verifications will conclude before year end to meet March 2013 reporting requirements



■ HCA ■ Non-HCA

## NIPSCO Gas Transmission System

- 809 miles of pipeline
  - 124 miles within High Consequence Areas (HCA)

# Focusing on Pipeline & Public Safety: Distribution

## High Quality Gas Distribution System

- 17,306 Miles of Distribution Pipe
  - Cast Iron: 5 miles
  - Bare Steel: 59 miles
  - Coated Steel: 8,623 miles
  - Plastic: 8,482 miles

	National Avg.	NIPSCO Avg.
Cast Iron / Bare Steel Makeup	13%	0.4%

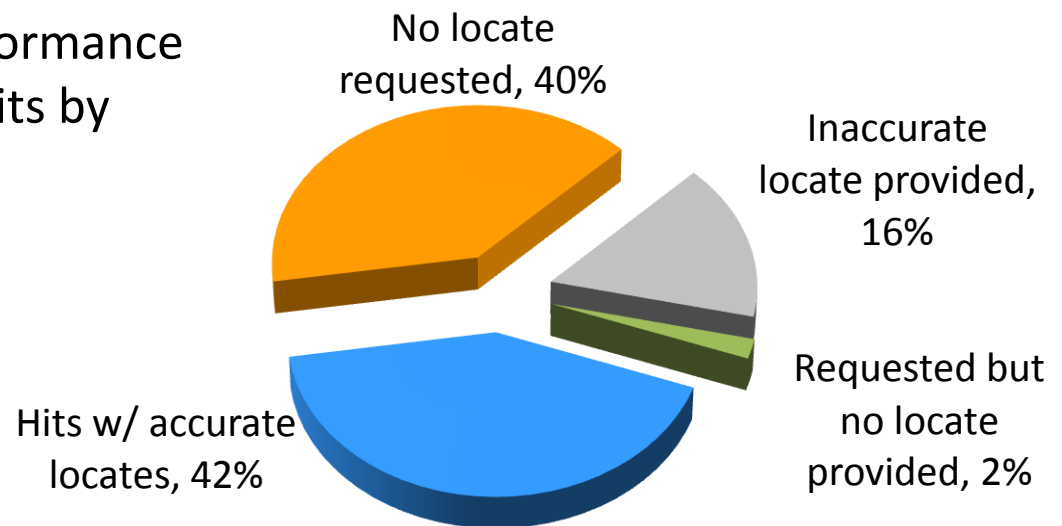
## Distribution Integrity Management Plan (DIMP)

- Replacing remaining cast iron pipe by 2014

# Focusing on Pipeline & Public Safety

## Aggressive Damage Prevention Plan

- 39% improvement over 4 years
  - Enhancing public awareness
  - Doubling staff to improve safety performance
  - Minimizing excavator errors and failure to call for locates
  - Improving locator performance
  - Focused on reducing hits by repeat offenders



**NIPSCO Damages by Type**

# Helping Customers Manage their Bills

- **LIHEAP**
  - 37,000 NIPSCO customers assisted last year
- **NIPSCO C.A.R.E. Discount**
  - LIHEAP customers auto-enrolled, receive a bill discount
  - \$4 million budget forecasted for 2012/2013 (25% funded by NIPSCO)
- **NIPSCO Hardship Funds**
  - Helps customers at 151-200% of poverty level
  - NIPSCO provided nearly \$137,000 to 812 customers last winter
- **Township Trustees**
- **Payment Arrangements & Reduced Deposit Amounts**
- **Budget Billing Plan**
  - 30% of customers currently enrolled

# Helping Customers Save Energy and Money

<b>NIPSCO Natural Gas Programs</b> <b>(<u>Since May 2007</u>)</b>	
Appliance Rebate Program	58,531 Rebates
Multi-Family Direct Install Program	31,564 Homes
Low Income Weatherization & Furnace Replacement Program	619 Homes
Home Energy Audit Program	3,254 Audits
New Construction Program	1,536 Homes
Elementary Energy Education Program	13,199 Students
Energy Conservation Program	165,000 Customers
<b>Total Net Therm Savings</b>	<b>19.9 million</b>
<b>Total Customer Avoided Cost</b>	<b>\$15.9 million</b>

# Opportunities Exist for CNG/NGV Vehicles

## Prior CNG Experience

- Previously owned 900 CNG vehicles (1980's)
- Operated 15 fueling stations
- Discontinued operation primarily due to halt of OEM manufacturing

## NIPSCO Supports Future Development

- Currently operate 3 CNG fueling stations (on NIPSCO Property), 12 customers
- NIPSCO's LNG plant and storage options offer potential benefits
- Continue to meet with interested stakeholder groups to discuss development
- Currently deliver natural gas to Fair Oaks Dairy Farm CNG fueling station
- Prepared to help enhance infrastructure to support 3<sup>rd</sup> party-owned facilities

# Enhancing Customer Communications

- **Proactive E-mail Communications**
  - LIHEAP Availability, Save Energy, Surveys
- **Grass Roots Customer Engagement**
  - “Save in the Shade” Summer Tour
  - C&I Energy Summit, TAP (technical assistance program) training, Customer Alliance Workshops, C&I e-newsletter
- **Continuing to Enhance Mobile Site**



## Measuring Success

Among 2012 J.D. Power Most Improved Utilities in Overall Customer Satisfaction



# Strengthening Cyber Security Efforts

## Industry Impacts and Developments

- Expecting gas cyber requirements to expand and approach NERC/CIP requirements for electric industry
  - Desire to synch electric and gas standards and processes
  - New FERC Office of Energy Infrastructure Security (OEIS)

## NIPSCO's Approach

- Leveraging existing electric practices/expertise to improve gas programs and knowledge
- Monitoring and alerting systems in place
- Collaborating with governmental agencies and industry associations for best practices
- Upgrading to common platforms across NiSource gas control environments

# 2012 Winter Natural Gas Forum

## Continued Focus Areas for NIPSCO

- Generating value for customers through a diverse asset portfolio
- Operating a safe and reliable gas transmission and distribution system, and ahead of schedule in complying with pipeline integrity management programs
- Offering effective programs to help customers save energy
- Reaching customers through new communications channels
- Effectively delivering low-cost natural gas to customers

Thank You